

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF BELL SOUTH TELECOMMUNICATIONS,)
INC., FOR EXEMPTION OF INTERNET ROUTING AND) CASE NO. 96-441
ACCESS SERVICES FROM REGULATION)

O R D E R

On September 6, 1996, BellSouth Telecommunications, Inc. ("BellSouth") filed a petition requesting exemption from regulation pursuant to KRS 278.512 and 278.514 for its Internet routing and access services marketed under a variety of service marks and names. BellSouth states that the Internet services for which it seeks the exemption are available from a variety of providers and that the exemption is appropriate under the public interest standards set forth in KRS 278.512.

The Commission has not asserted jurisdiction over the Internet services provided in this Commonwealth, and it does not intend to do so now. The Commission has not, however, reached this conclusion on the grounds urged by BellSouth. It is true that, if these services were utility services, they would appropriately be exempted under KRS 278.512. However, the Internet services described by BellSouth in its petition are information rather than utility services.

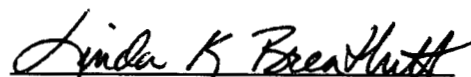
The provision of these services does rely in part upon underlying utility service. However, BellSouth states in its petition that its regulated services will not be burdened by its Internet-related services, explaining that BellSouth's fully-distributed cost-based

allocations and billing arrangements will ensure that the Internet services will cover their direct costs. BellSouth also expects its Internet services to contribute to covering its overall joint and common costs in Kentucky. The Commission agrees that existing federal and state safeguards are sufficient to ensure that no cross-subsidization of BellSouth's Internet-related services will occur.

The Internet-related services described in the petition not being subject to regulation, IT IS HEREBY ORDERED that the petition of BellSouth for exemption pursuant to KRS 278.512 is dismissed.

Done at Frankfort, Kentucky, this 14th day of November, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director